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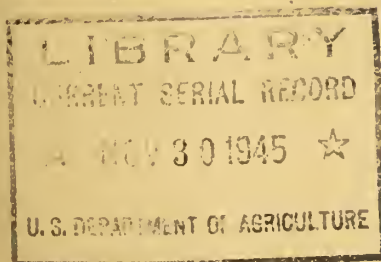
Foreign Crops and MARKETS



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LATE FOREIGN DEVELOPMENTS . . .

ARGENTINA

Commercial stocks of wheat in the country on January 1 were reported to be 240,138,000 bushels, in the following positions, all in thousand bushels: Country dealers 105,231, exporters 111,855, others 23,102. Corn stocks in commercial positions are reported at 6,713,000 bushels.

ITALY

Bread rations in the freed areas of Italy are to be increased, according to reports. The former daily bread ration of 4.4 ounces is to be increased to 7 ounces.

GERMANY

According to an article in a recent Swedish periodical, the German chemical industry has attained important results in the development of synthetic fats and albumens. The synthetic fats are obtained from a fungus that is cultivated in a solution of water and various carbohydrates, nitric and ammonia salts, and other mineral salts. The resulting fat was said to be usable not only for technical but also for food purposes. The article states also that German chemists have succeeded in producing an albumen through biological synthesis which can take the place of animal albumen in foodstuffs. It is developed from sulphite liquor (waste liquor from the sulphite pulp process) through fermentation caused by a fungus of the species *Torula*.

ESTONIA

A despatch received January 31 stated: All flax producers in Estonia must deliver to the authorities 128 kilograms (280 pounds) of flaxseed for every hectare (2.471 acres) devoted to flax. The deliveries apply to seed of the 1943 crop, and they must be made by March 31, 1944, at the latest. In order to encourage early deliveries, the authorities had previously announced that premiums would be paid in the form of points for every 100 kilograms of flaxseed received before November 31, 1943. The premiums were as follows: 30 points for "Elite" seed; 20 points for recognized high-germination seed; 16 points for ordinary seed. (The points entitle farmers to purchase specified quantities of rationed food or equipment.)

HUNGARY

Completion of field work, which previously had been delayed or had been done in an unsatisfactory manner because of the fall drought was greatly facilitated by extremely favorable weather during the 4 weeks, December 8-January 5. The condition of all winter crops was generally very good. Reports from all parts of the country indicate an increasingly serious fodder shortage. The condition of livestock, because of the feed shortage, was said to be deteriorating, and an increasing number of disease outbreaks was being reported.

CANADIAN WHEAT EXPORT PRICE TO THE UNITED STATES

The Canadian Wheat Board on September 28, 1943, assumed exclusive control over the marketing of all wheat produced in Manitoba, Saskatchewan, Alberta, and the Peace River District and the Creston-Wyndel area of British Columbia. At that time the Canadian Government, acting through the Wheat Board, took title to all wheat in commercial positions except in cases where there was an outstanding contract for the sale of actual wheat. This action affected not only wheat owned by private grain companies, but wheat already held by the Wheat Board as a result of its previous purchases from producers. (See Foreign Crops and Markets, October 11, 1943.)

The wheat was taken over by the Board at the closing market quotations on September 27, 1943, which, in the case of Number 1 Northern, was \$1.23-1/2 per bushel, basis in store Fort William-Port Arthur. Such wheat has been designated "Crown" or "Class 1" wheat. It is being held for sale by the Wheat Board on behalf of the Canadian Government at the fixed price of \$1.25 per bushel for Number 1 Northern, basis in store Fort William-Port Arthur, with appropriate discounts for other grades. This wheat, however, is sold only to the subsidized domestic market and to export markets such as Great Britain, Soviet Union, and China, which receive Mutual Aid (the Canadian version of Lend-Lease) from Canada.

All wheat marketed by producers since September 28, 1943, has been purchased by the Canadian Wheat Board at a fixed price of \$1.25 per bushel for Number 1 Northern, basis in store Fort William-Port Arthur, with appropriate discounts for other grades. This wheat is known as "Board" wheat or "Class 2" wheat. It is being offered for sale, through dealers, to the United States and other countries not receiving Mutual Aid, at prices established each day and announced in Winnipeg at 1.15 p.m. by the Wheat Board.

In addition to the price paid to producers upon sale of their wheat to the Board, growers are given participation certificates on which are recorded the number of bushels of wheat delivered. After the original purchase price and the expenses incurred by the Board in handling all of this Class 2 wheat are deducted from the amount received from its subsequent sale any remaining profits are to be distributed to producers on the basis of the total number of bushels that each has delivered to the Board.

In connection with purchases of Canadian wheat which are now being made by the United States, there follows a list of the prices at which Class 2 wheat has been offered by the Canadian Wheat Board each day since October 19, 1943, when such prices were first quoted. The prices are for Number 1 Northern basis in store Fort William-Port Arthur. Other grades are quoted regularly at the following discounts: 3 cents for Number 2 Northern; 5 cents for Number 3 Northern; 10 cents for Number 4 Northern.

**CANADA: Prices of Number 1 Northern wheat for export to
the United States a/**

DATE	OCTOBER	NOVEMBER	DECEMBER	JANUARY
	Cents	Cents	Cents	Cents
1	-	129	137	Holiday
2	-	130	138	Sunday
3	-	130	138	144
4	-	130	139	144
5	-	130	Sunday	146
6	-	130	140	146
7	-	Sunday	141	146
8	-	130	141	146
9	-	130	140	Sunday
10	-	130	141	147
11	-	130	142	147
12	-	130	Sunday	147
13	-	130	142	146
14	-	Sunday	142	146
15	-	130	144	145
16	-	130	143	Sunday
17	-	132	143	144
18	-	133	142	144
19b/	128	134	Sunday	144
20	128	135	142	145
21	128	Sunday	141	145
22	128	136	141	145
23	128	136	141	Sunday
24	Sunday	136	141	145
25	128	136	Holiday	146
26	128	136	Sunday	146
27	128	136	Holiday	146
28	128 1/2	Sunday	142	146
29	129 1/2	136	142	147
30	129	137	143	Sunday
31	Sunday	-	144	147

From official sources.

a/ Prices in Canadian currency, basis in store Fort William-Port Arthur. Other grades quoted regularly at specified discounts. b/ First quotation.

ARGENTINE CORN PROSPECTS FAVORABLE

The area planted to corn in Argentina for harvest in March-May 1944 is placed at 11,292,000 acres, according to the first official estimate. At this level the current acreage would be about 10 percent larger than last year's very low acreage but would still be considerably below average. Present prospects are reported so favorable that an outturn of around 315 million bushels is indicated unofficially, with some trade estimates placing the crop as high as 390 million bushels.

Corn planting has been completed and growing conditions to date have been reported as extremely favorable, in contrast with conditions last season, when unfavorable weather resulted in the abandonment of somewhat more than half of the planted area, and the crop harvested was one of the smallest recorded in Argentina. The yield per planted acre last year was around 7.5 bushels and on a harvested basis, was only 17.5 bushels, which was considerably below average.

Producers are hoping for a guaranteed price high enough to compensate for higher harvesting costs. Since last year's crop was very low, governmental price support was not necessary and no minimum price was set on that crop. During the previous year, 1941-42, the guaranteed price was 4.40 pesos per quintal (33 cents per bushel), shelled basis, delivered at Buenos Aires. To help dispose of its heavy supplies the Government authorized the resale of its old-corn stocks for use within the country at very low prices. As the corn purchased by the Government had largely remained on the farms where grown, it was in position for feeding and provided low priced feed, in addition to large amounts sold for fuel.

If the prospective large harvest is achieved, somewhat similar conditions may prevail this year. During the past year, large quantities of wheat and flaxseed were utilized as fuel in the absence of sufficient stocks of corn to take care of needs for burning. With corn available, however, a switch from these higher priced grains might be expected. Feeding may also absorb larger quantities than in the past though feeding is a local situation, transportation charges discouraging sales for feed at any distance from production centers.

ARGENTINA: Corn acreage, production, and average yield per acre,
1928-29 to 1943-44

CROP YEAR	ACREAGE		AVERAGE YIELD	
	PLANTED	HARVESTED	PER PLANTED	PRODUCTION
	1,000 acres	1,000 acres	Bushels ACRE	1,000 bushels
1928-29	11,831 :	9,026 :	21.3 :	252,408
1929-30	13,955 :	10,428 :	20.1 :	290,617
1930-31	13,776 :	11,577 :	30.5 :	419,661
1931-32	14,468 :	9,518 :	20.7 :	299,329
1932-33	14,539 :	9,373 :	18.4 :	267,761
1933-34	16,096 :	10,161 :	16.0 :	256,913
1934-35	17,368 :	14,091 :	26.0 :	451,943
1935-36	18,854 :	12,650 :	21.0 :	395,694
1936-37	15,051 :	10,776 :	22.6 :	340,147
1937-38	14,989 :	7,723 :	11.6 :	174,163
1938-39	13,096 :	8,653 :	14.6 :	191,485
1939-40	17,791 :	14,072 :	23.0 :	408,442
1940-41	15,067 :	12,188 :	26.8 :	403,048
1941-42	12,355 :	10,103 :	28.8 :	355,649
1942-43	10,226 :	4,367 :	7.5 :	76,499
1943-44a/	11,292 :	- :b/	27.9 :b/	315,000

Compiled from official and unofficial sources.

a/ Preliminary estimate. b/ Based on trade forecasts.

RICE CROP IN CHINA LARGER THAN LAST YEAR

A preliminary estimate places the 1943 rice crop in Free China at 1,659 million bushels, which is 7 percent larger than last year's harvest of 1,556 million, and is a moderate increase over average production for the past 10 years. The 15 Provinces in Free China usually produce about 75 percent of the rice grown in all China.

The largest increases occurred in Szechwan and Hupeh in west and central China, where crops were as high as 25 and 53 percent above those of a year ago. In central China, comprising Hupeh, Hunan, and Kiangsi Provinces, large crops also were harvested. This area normally produces a surplus and is often referred to as the "rice bowl." Production in the southeast Provinces of Kiangsi, Fukien, and Chekiang increased about 6 percent. The harvest in the largest producing Province, Kwangtung, in southernmost China, was estimated to be about the same as last year, or 713 million bushels.

The belief is that as a result of increased rice production in 1943, no general food shortage will be experienced this year. In local areas, however, where transportation facilities are inadequate, there may be some suffering from a scarcity of rice. In some areas, it is reported the Japanese have entered free Chinese territory at harvesttime to obtain supplies of rice.

Prices for rice have risen to fantastic levels due to inflation of the Chinese currency. Early in 1943, Japanese authorities increased prices sharply in occupied China, with the result that those in adjacent territory in Free China also soared. Many persons of occupied Provinces who could not afford the higher prices moved into areas not under Japanese control.

China not only produces more rice than any other country, but it also is the largest rice consuming-nation in the world. Previous to the Japanese invasion, consumption averaged about 83 billion pounds annually, compared with 59 billion in India, where rice is also the principal food consumed. At the same time, China's production was not sufficient to meet domestic requirements, as average imports amounted to 1.2 billion pounds. The imported rice was consumed in Kwangtung Province and in large coastal cities such as Shanghai, Tsingtao, and Tientsin. Average annual per capita consumption in the rice regions of China is believed to be about 250 pounds.

RICE PRODUCTION INCREASED IN COLOMBIA

The 1943 rice harvest in the Department of Bolivar, the principal rice-growing district of Colombia, is slightly larger than that of last year, according to unofficial reports from the American consulate. Colombia, which in the past 2 years has become self-sufficient with respect to rice, obtains a large share of its domestic requirements of over 250 million pounds from the Department of Bolivar where much of the land, being low and swampy, is excellent for rice growing. Higher prices paid for rice, after it became unavailable from the Orient, have been an important factor contributing to increased production. Since July 1939, the price of polished rice on the Cartagena retail market has increased 47 percent. Modern methods of mechanization, irrigation, and fertilization are just beginning to be employed for production and threshing.

VEGETABLE OILS AND OILSEEDS . . .

Fred J. Rossiter, in charge

PARAGUAYAN PEANUT PROSPECTS SATISFACTORY

While an official forecast has not been released, reliable trade sources estimate the 1943-44 Paraguayan peanut crop at 37,478,000 pounds, and prospects for a larger outturn are excellent, since rainfall was plentiful during October and November when planting was well advanced.

PARAGUAY: Peanut acreage, production, and yield per acre,
1937-38 to 1943-44

YEAR	AREA	PRODUCTION	YIELD PER ACRE
	<i>Acres</i>	<i>1,000 pounds</i>	<i>Pounds</i>
1937-38	27,957 <i>a/</i>	37,414	1338.3
1938-39	27,853	37,275	1338.3
1939-40	31,226	41,788	1338.3
1940-41	48,382	64,749	1338.3
1941-42	27,008 <i>a/</i>	33,737	1249.1
1942-43 <i>b/</i>	28,688 <i>a/</i>	28,219	983.6
1943-44 <i>b/</i>	38,103 <i>a/</i>	37,478	983.6

Compiled from official sources.

a/ Revised.

b/ Preliminary estimate.

Two peanut crops can be grown annually in Paraguay, but growers consider it poor policy to double crop on the same land. The best planting period is from early October through December. Since peanuts require 120 days to mature in Paraguay, harvesting begins in February and continues through April.

Most of the Paraguayan crop until recent years was consumed as food, particularly in the confectionary business. Apparently crushings were small because peanut oil production was reported at only 16,000 pounds in 1937. The output has increased annually since then reaching 1,258,000 pounds in 1942 and probably doubling that amount in 1943. Peanut oil is becoming popular with the Paraguayans, and it is believed that it will eventually replace cottonseed oil in their diet.

INDIA PROHIBITS FUTURES TRADING IN VEGETABLE OILS

Effective January 12, 1944, the Government of India prohibited futures trading in a number of vegetable oils and oilcakes including peanut, linseed, mustard, rapeseed, castor bean, cottonseed, sesame seed, and coconut. All contracts outstanding on that date were to be terminated at a rate to be fixed by the Government. Excepted from the prohibition were forward contracts of specified quantity, type, and price; such contracts are not transferable. The objective of the measure is to prevent speculative trading that has a tendency to increase prices. Futures trading in peanuts, flaxseed, mustard seed, and rapeseed has been prohibited since May 31, 1943. (See Foreign Crops and Markets, September 13, 1943.)

EGYPTIAN GOVERNMENT PLANS TO HOLD COTTON ACREAGE AT LOW LEVEL

A bill of the Egyptian government to continue in effect through 1944 the cotton acreage restriction originally introduced in 1942 has been passed by the Egyptian Chamber of Deputies with little opposition, according to recent cable notices from Cairo. The original measure was introduced to divert cotton and other fiber crop acreage to the production of food crops. It offered a bounty to producers to encourage the planting of food crops and prohibited planting of cotton in certain delta districts. The bill to extend the measure through 1944 is expected to be approved shortly in the Egyptian Senate.

Government action to sponsor production of food crops in Egypt has resulted in a reduction of acreage planted to cotton by about two-thirds, from a high of 2,053,300 acres in 1937-38 to 732,700 acres in 1942-43, and has cut production in about the same proportion, from 2,281,200 bales in 1937-38 to 385,700 bales in 1943-44.

EGYPT: Cotton acreage and production, by years,
1937-38 to 1943-44

(Converted to bales of 478 pounds)

YEAR	AREA	PRODUCTION	YEAR	AREA	PRODUCTION
	Acres	Bales		Acres	Bales
1937-38	2,053,300	2,281,200	1941-42	1,706,100	1,735,200
1938-39	1,851,700	1,728,100	1942-43	732,700	860,600
1939-40	1,686,600	1,801,100	1943-44	739,800 a/	685,700
1940-41	1,748,900	1,900,100			

Compiled from official sources. a/ Second official estimate.

In February, 1941, the Egyptian Government enacted legislation forbidding cotton growing during 1941 on land then sown to beans, lentils, helba, flax, and barley. As a result, the 1941-42 cotton production fell off from the previous year's crop by about 150,000 bales. In that year, the effects of insufficient water supply, smaller available quantities of chemical fertilizers, and periods of unfavorable weather during the growing season were offset by an exceptionally light attack of cotton leaf worms and the insignificant damage done by pink boll worms. In accordance with an Anglo-Egyptian Agreement the British Government offered to purchase about half of Egypt's 1942 cotton crop up to a total production of 1,036,000 bales. The Egyptian Government offered to purchase the remaining half, and, since the 1942 crop amounted to about 860,600 bales, the total crop was purchased by the two Governments.

In further compliance with the Anglo-Egyptian Agreement, a 1942 cotton acreage reduction law was enacted in September, 1941, limiting the cultivation of cotton in Upper Egypt to 23 percent of cultivable land and in Lower Egypt to 27 percent. In connection with this effort to divert cotton land to food crops, the Government issued a decree law in October 1941 offering a bounty of 2 Egyptian pounds per feddan

(\$7.95 per acre) in Upper Egypt and 1.5 pounds (\$5.96) in Lower Egypt to farmers diverting cotton land to the cultivation of wheat, barley, and beans. The areas concerned were required to have been authorized for planting in cotton under an earlier law. Then, early in 1942, a bill designed to further reduce Egypt's 1942 cotton acreage by forbidding the planting of cotton in certain delta districts was approved by the Council of Ministers, and subsequently passed the Chamber and Senate. All of these measures combined to reduce the 1942 cotton acreage by approximately 58 percent, from 1,706,100 acres in 1941 to 732,700 acres in 1942.

Planted acreage of cotton increased slightly in 1943 - 739,800 acres compared to 732,700 acres in 1942 - but; the most recent estimates indicate that production in 1943 declined to about 685,700 bales. This decrease is believed due to a number of factors, the most prominent ones being the readjustment to meet the need for food crops and to avoid a further accumulation of surplus cotton; shortage of shipping for the importation of fertilizers, and the necessity of using obtainable fertilizers primarily on food crops; and a greater proportionate shift to lower-yielding, extra-long-staple varieties. In the debate on the extension of the cotton acreage restriction measure, the Egyptian Ministry of Agriculture announced that the British Government had promised to supply 300,000 tons of fertilizers for Egyptian food crops in 1944, in consideration of which the Egyptian Government is to make available to the British all of its 1944 grain surplus.

SILK PRODUCTION ENCOURAGED IN SYRIA AND LEBANON

The Government of Lebanon, in the third quarter of 1943, called the raw silk manufacturers of the country into conference and laid before them the problem of increasing silk production. As a result of that meeting the Government announced the free distribution of mulberry plants, reduced prices for fertilizers and silk worm eggs, and the exemption of raw silk manufacturers from taxes on their industry.

War conditions have greatly increased the demand for silk for military goods. Nearly 1.5 million pounds of fresh cocoons were collected in Syria and Lebanon during the first 9 months of 1943, and almost the entire amount was purchased by the British Ministry of Supply. These and other cocoons brought in by the British from nearby countries were reeled in Lebanon.

The Syria and Lebanon trade in silk and dry cocoons has shifted considerably since the beginning of the war. During 1942 Syria and Lebanon imported a total of 419,700 pounds of cocoons, consumed the total supply at home, and exported a total of 227,200 pounds of raw silk. This situation contrasts with that of 1938 when there were no imports of cocoons or silk, exports of only 41,900 pounds of raw silk, but total exports of 592,400 pounds of cocoons.

France received a large part of the cocoons and 6,600 pounds of the silk exported from Syria and Lebanon during 1938. All of the exports of silk waste that year were shipped to Germany. Nearly all of it went to Switzerland in 1941 and to the United Kingdom in 1942. Raw silk was formerly exported mostly to Iraq, Egypt, and France, but in 1942 it went to the United Kingdom.

SYRIA AND LEBANON: The silk cocoon trade, 1941 and 1942,
compared with 1938

COUNTRY	1938	1941	1942 a/
	Pounds	Pounds	Pounds
Imported from -			
Iran	0	31,300	216,300
Iraq	0	0	148,900
Cyprus	0	0	54,500
Total	0	31,300	419,700
Exported to -			
France	571,600	0	0
Germany	11,200	0	0
Egypt	9,600	0	0
Total	592,400	0	0

Compiled from consular reports. a/ Preliminary.

SYRIA AND LEBANON: Exports of silk waste and raw silk,
1941 and 1942, compared with 1938

COUNTRY OF DESTINATION	1938	1941	1942 a/
	Pounds	Pounds	Pounds
Silk waste -			
Germany	53,600	0	0
Switzerland	0	22,000	0
Palestine	0	500	1,500
United Kingdom	0	0	126,200
Total	53,600	22,500	127,700
Raw silk -			
Iraq	16,300	750	0
Egypt	12,700	20	0
France	6,600	330	0
Switzerland	0	12,100	0
Australia	0	0	200
Palestine	0	0	3,500
United Kingdom	0	0	221,900
Other countries	6,300	0	1,600
Total	41,900	13,200	227,200

Compiled from consular reports.

a/ Preliminary.

Silk production in Lebanon during 1942 amounted to 440,900 pounds, all of which was exported. Syria produced only half as much, consumed 154,300 pounds, and exported the surplus to the United Kingdom. By Lebanese decree, all exports of cocoons are reserved for the British Ministry of Supply at a fixed price. Each decree during the past several years has fixed the price higher than in the preceding year.

RECENT DEVELOPMENTS IN THE WORLD WOOL SUPPLY SITUATION*

As a wartime policy, even before Pearl Harbor, the governments of the United States and the United Kingdom undertook to build up a strategic stockpile of wool in the United States so that adequate supplies of this necessary commodity would be available regardless of what turn the war should take. In order to achieve that objective, large imports had to be made.

This step was deemed necessary by the respective Government in view of the fact that approximately 90 percent of the world's surplus wool production for export originates in the Southern Hemisphere and the fact that at least 57 percent of it is grown in the far-distant British Dominions of the Southwest Pacific. The United States imports only about 35 percent of its normal wool consumption. The United Kingdom, on the other hand, is dependent on imports, even in normal times, for about 85 percent of the quantity consumed. Naturally, wartime consumption greatly exceeds that of peacetime.

As the first step in acquiring control of the world's wool surplus for the Allies, the British Government purchased the entire wool clips of Australia and New Zealand at the beginning of the war and the clip of the Union of South Africa the following year. The agreements with these countries were for the duration of the war and for one clip thereafter.

WOOL SURPLUS LARGE IN MIDSUMMER 1943 Accumulation of a strategic stockpile in the United States and a concurrent backing up of supplies for 3 years in the Southern Hemisphere, due to lack of normal continental European markets, has resulted in an accumulation of wool much larger than usual, both in the United States and in the Southern Hemisphere. It is estimated that the wartime surplus stocks approximate 3.2 billion pounds. Continental Europe normally imports about 75 percent of its total consumption of about 1.5 billion pounds, imports being chiefly from the Southern Hemisphere.

Roughly 800 million pounds, or 25 percent of the world's visible wartime surplus last summer, at the beginning of the new Southern Hemisphere wool season, was Government-owned wool in warehouses in the United States. The British Government, however, owned about 60 percent of that quantity and the United States Government 40 percent. Privately owned stocks of dealers and manufacturers in the United States totaled 566 million pounds, or another 18 percent of total world stocks. These latter stocks are expected to enter current consumption channels. Another 1.4 billion pounds of British-owned wool, or 44 percent of total stocks, was stored in Australia, New Zealand, and British South Africa, and about 430 million pounds of the surplus was privately owned stocks in Argentina and Uruguay. ^{1/} No estimate of the quantity of wool stored in the United Kingdom is available but it is believed to be only

*Prepared by Esther H. Johnson.

^{1/} Includes some wool sold to continental European countries for post-war delivery.

sufficient for current consumption, which has declined from the wartime peak reached in 1940. Normally the quantity of wool reported as carried over in midsummer in the United States and the United Kingdom, Japan, the important consuming countries of Continental Europe and the Southern Hemisphere is somewhat under 1 billion pounds.

UNITED STATES CONSIDERS DISPOSAL OF GOVERNMENT OWNED FOREIGN WOOL As a result of the greatly improved shipping situation in the Southwest Pacific and the consequent alleviation of fears of a wool shortage, the United States Government now has under consideration proposals for orderly withdrawals from the Government-owned stock pile of foreign wool acquired through the Defense Supplies Corporation.

Should it be decided ultimately by the War Production Board, after discussion with other agencies, to make this stock-piled wool available to the trade, careful control will be exercised over its release in order to assure, insofar as possible, the continuance of established operations of importers and domestic wool growers. It was emphasized, in an announcement by the War Production Board, that the proposed move should have no effect on the consumption of domestic wool in relation to imported wool. The wisdom of early action in disposing of wartime stocks, in an orderly manner seems to be borne out by the experience obtained after World War I.

BRITISH LIQUIDATION OF STOCKS AFTER WORLD WAR I A review of the steps taken by the British Government at the end of the last war in disposing of large accumulations of British owned Southern Hemisphere wool may be of interest. At that time the British Government waited until the end of the control period, i.e., 1 year or more after the end of the war, before machinery was put into operation to liquidate the surplus. The organization set up for that purpose was the British Australian Wool Realization Association (BAWRA), a limited company owned by Australian wool growers, and formed for the purpose of disposing of stocks left in the hands of the British Government upon the termination of the Imperial Purchase Scheme in June 1920. These stocks were in the Southern Hemisphere countries and were taken over by the BAWRA partly as owner and partly as agent for the British Government.

WORLD PRICES REACTED FAVORABLY TO ORDERLY MARKETING OF SURPLUS When the BAWRA selling operations began in January 1921 prices had already fallen to about a third of peak values reached in March 1920. There was no sign of revival in demand, and supplies were larger than ever before. The BAWRA had no control over current supplies, which were marketed in the usual way.

The existence of a strong central marketing agency in Australia as well as the BAWRA's policy of "feeding" the market by aiming at the maintenance of a ratio between sales of "old" and "new" clip wool and - in cooperation with the National Council of Wool Selling Brokers - allocating quantities released at auction sales each month, probably kept prices from falling even lower. From 1922 onward, prices improved materially and the upward trend continued throughout the remaining period of BAWRA's marketing activities. The last bale of wool held by BAWRA was sold in

May 1924. In January 1921, when the BAWRA began operation, the quantity of wool held by it was 2,892,000 bales, or approximately 860 million pounds.

World Production Slightly Below Peak of 1940

Wartime wool production continued large in 1943. World production, including the Soviet Union and China, is estimated at approximately 4 billion pounds in 1943, a decrease of 2 percent compared with 1942. Production in the 5 years 1939-1943 averaged 11 percent above the pre-war years 1934-1938. The peak production in 1940 amounted to 4,210 million pounds.

SOME TAPERING OFF IN PRODUCTION EXPECTED Production in the Southern Hemisphere totaled 2.4 Billion pounds, or 65 percent of the world total, exclusive of Russia and China. These latter countries produce principally carpet wool whereas the bulk of the Southern Hemisphere production consists of fine and medium wool. Southern Hemisphere production increased materially during the years 1939 to 1940. It remained at a record level in 1941 and 1942 but declined in 1943 by 2 percent. There has been a tapering off in production in the British Dominions of Australia, New Zealand, and British South Africa from the record production of 1.7 billion pounds in 1940. In South Africa, however, the largest production of 319 million pounds was recorded in 1932 before the disastrous drought of 1932-33 had reduced production by a third in 2 years. Production in that country has not yet reached the predrought level.

The long-time trend in wool production in the Southern Hemisphere was upward prior to the war, and this upward trend continued through 1940. In view of the world accumulations of wool and the increased need for meat rather than wool in the next few years it is expected that wool production will taper off somewhat from the high point reached in 1940.

NORTHERN HEMISPHERE OUTPUT HAS DECLINED United States wool production reached record proportions in 1942 but decreased in 1943, and a still further decrease is anticipated in 1944. Wool production was increased in Canada but even then it amounts only to 20 million pounds.

Information concerning present wool production in European countries is extremely limited. Indications are that production in 1943 declined to 493 million pounds, a decrease of 2 percent compared with 1942. Since 1939, the last pre-war year, European production has decreased approximately 12 percent. Production estimates for the countries of central Europe, where there has been some official annexation or ceding of territory, are given for the territory reported during the year listed and in this way duplication has been avoided.

North Africa shows an increase in wool production, whereas Asia shows a decrease. Production in the Soviet Union has declined by about 30 percent since 1941. Production in China - total for occupied and unoccupied - is now placed at 90 million pounds. It is not known just what the trend has been in recent years. Large numbers of sheep are reported in the outlying districts such as Sinkiang. Increases in these districts are assumed to have offset any decreases in China proper.

WOOL: Estimated world production excluding and including
Soviet Union and China 1921-1943

YEAR	PRODUCTION EXCLUDING :		TOTAL INCLUDING	
	THE SOVIET UNION :		THE SOVIET UNION	
	AND CHINA a/	UNION	CHINA b/	AND CHINA a/
	Million	Million	Million	Million
	pounds	pounds	pounds	pounds
1921	2,660	300	90	3,050
1922	2,710	240	90	3,040
1923	2,650	260	90	3,000
1924	2,820	290	90	3,200
1925	2,960	310	90	3,360
1926	3,140	350	80	3,570
1927	3,170	370	80	3,620
1928	3,290	390	80	3,760
1929	3,300	390	80	3,770
1930	3,320	310	80	3,710
1931	3,420	210	80	3,710
1932	3,490	150	80	3,720
1933	3,410	140	80	3,630
1934	3,340	130	90	3,560
1935	3,370	160	90	3,620
1936	3,430	200	90	3,720
1937	3,450	260	90	3,800
1938	3,530	300	90	3,920
1939	3,730	300	90	4,120
1940	3,790	c/ 330	90	c/ 4,210
1941	3,770	c/ 340	90	c/ 4,200
1942	3,760	c/ 270	90	c/ 4,120
1943	3,710	c/ 230	90	c/ 4,030

Compiled from official sources unless otherwise noted.

a/ Totals subject to revision.

b/ Unofficial estimates based on sheep numbers, information published in the Chinese Economic Journal, and latest available information.

c/ Rough approximation based on such information as is available.

Latest Developments in Principal Consuming Countries

The United States instituted a Government purchase program for domestic wool in April 1943. Large purchases had already been made by dealers, however, before the Government program went into effect, so that privately held wools, particularly fine wools, have been available at Boston during most of the season.

UNITED STATES REMOVES QUANTITY RESTRICTIONS Mill consumption of apparel wool, which had been at record levels since 1941, has been declining in recent months (since March) as a result of the reduced production of military fabrics which has not been compensated as yet by an increase in the volume of

production of civilian fabrics. Nevertheless, production for civilian purposes has increased sharply since the early part of 1943. Labor shortages and production difficulties have been the chief factors limiting production of civilian fabrics in recent months as restrictions on the use of wool for civilian purposes have been gradually relaxed and quotas increased since the improvement in shipping from the Pacific area in late 1942. On November 19, under an amendment of Conservation Order M-73, all quantity restrictions were removed.

The outstanding feature of the situation in the United States is the small consumption of fine grades of domestic wools at a time when consumption of apparel wools has been at record level. Mill consumption of fine and half-blood domestic wools from April through September 1943 totaled only 39 million pounds (scoured basis) compared with 59 million pounds in the same period of 1942. In contrast, consumption of similar grades of foreign wools totaled 100 million pounds compared with 92 million pounds in 1942. This reflects the decline in the production of Army fabrics using domestic wools. Production of civilian fabrics have increased, but these have been made largely of lower priced foreign wools.

Although mill consumption of apparel wools has been declining, recently the total for the first 10 months of 1943 was 918 million pounds (grease basis) compared with 883 million pounds in the corresponding months of 1942. Consumption of foreign wool exceeded that of domestic by 35 percent in this period of 1943. Consumption of apparel wool for the entire year 1942 reached an all-time record of 1.1 billion pounds. Carpet-wool consumption totaled only 60 million pounds in 1942 or less than half the 1941 total.

Stocks of apparel wool in the hands of dealers and manufacturers in the United States at the end of the third quarter of 1943 (September 25) totaled 544 million pounds, grease basis, against 567 million pounds at the end of the same quarter (October 3) 1942 and an average of 323 million pounds for the years 1934-1938. Stocks of carpet wools totaled 48 million pounds on September 25, 1943, against 38 million in 1942 and an average of 46 million pounds for the 5 years, 1934-1938. These are mainly commercial stocks but include some domestic wool held by the Commodity Credit Corporation.

UNITED KINGDOM RESTRICTS WOOL CONSUMPTION TO RELEASE LABOR The main feature of the situation in the United Kingdom is the voluntary concentration of the wool industry as a result of proposals by the Board of Trade in collaboration with the Wool Control, in order to release workers for vital war industries. One of the logical outcomes of this policy has been the cutting off of exports of woven cloth and of wool clothing to the United States and to Latin America. The Empire countries, which formerly imported a considerable quantity of wool cloth and clothing from the United Kingdom, have been supplying the bulk of their needs with the exception of the Union of South Africa. Thus exports of this kind from the United Kingdom are greatly reduced.

No British licenses for exports of woven wool cloth, except hand-woven tweeds, have been issued for the United States and Latin America since the end of May 1943.

After December 23, 1943, no more licenses, with a few exceptions, will be issued authorizing exports of woven-wool garments to the United States and Latin America.

The exceptions embrace (1) Unused balances from the quota period July 1 - December 31, 1943, which will be licensed through January 31, 1944; (2) garments made from hand-woven tweeds; (3) outerwear models; (4) retail exports of custom made garments from cloth in the exporters' possession on December 24, 1943.

There has been considerable agitation in Britain for an increase in the civilian clothes ration, which is said to be very inadequate. The argument is that after 4 years of war people are in urgent need of more, not less clothing. However, the present resources of the industry due to a shortage of labor are strained to meet essential production. The industry has been greatly concentrated in order to release as many workers as possible for munitions and other vital war industries. No consumption data are released at present but it is known that turn-over in primary processes stands at one-third to one-half the pre-war figure. Wool consumption in 1940 exceeded 1 billion pounds compared with an average of 850 million pounds for 1934-1938.

Prices for raw material for the production of yarns and fabrics for the home trade have been stabilized by the Wool Control since September 1940 and the same prices will continue until February 29, 1944, at least. Raw material issued for production of yarns and fabrics for export have been sold at the same prices since July 1942. Prices of wool and tops sold for export in their existing state were 2.5 percent higher than these prices.

Final rations of wool, noils, wastes, shoddy, and wool yarn for the November 1943 - February 1944 cloth-manufacturing period were issued Christmas week. These rations were based upon manufacturers' sales of utility cloth in the November 1 - 24, 1943 cloth-buying period. Manufacturers are now concerned with getting the raw material into production of utility cloth ordered by clothes makers during November.

AXIS COUNTRIES MORE DEPENDENT ON COARSE AND INFERIOR WOOLS

Axis countries are becoming more and more dependent on domestic production and on imports of coarse and inferior wools from surrounding countries as the war continues. Domestic supplies in occupied countries are controlled and the delivery to the Government is required of a certain quantity from each sheep shorn. A very small quantity is permitted to be retained by sheep owners for their own use.

As continental Europe in normal times, imports a little over 70 percent of the quantity of wool consumed, mostly from the fine and medium wool growing countries of the Southern Hemisphere, it would appear that supplies of these qualities if any, should be very low after 4 years of war. Germany has fared better, up to the present, than the occupied countries, being in a position to demand deliveries of raw materials and wool manufactures from occupied countries but this situation will change rapidly when the Allied invasion of Europe is in full swing. In recent years, Germany and Italy have greatly increased the production and use of substitutes. The Allied invasion of North Africa and the present situation in the Middle East suggest that imports from those sources may be very much reduced.

Japan, which produces practically no wool and normally imports large amounts of fine wool from Australia and the Union of South Africa, has been obliged to reduce requirements to the amounts obtainable from China and Manchuria. ^{1/} The bulk of the wool grown in China is of the coarse carpet type and cannot be substituted for the fine wools previously imported from Australia and South Africa. Japan, as in the case of Germany, has resorted to the use of substitutes to a large extent.

Large Supplies of Wool Available in Southern Hemisphere Countries

Supplies in the Southern Hemisphere are of record proportions. Production in 1943 for disposal during the season 1943-44 is estimated at 2.4 billion pounds. In addition, British-owned stocks in Australia, the Union of South Africa, and New Zealand at the beginning of the season (July 1, 1943) approximated 1.4 million pounds and privately owned stocks in Argentina and Uruguay totaled 430 million pounds. Stocks carried over in other South American countries were of relatively minor importance.

Argentina and Uruguay began the new season (October 1) with record wartime prospective supplies. The carry-over in Argentina was estimated at approximately 370 million pounds, which added to expected production of approximately 510 million, results in total supplies for the 1943-44 season of 880 million pounds. Domestic consumption will absorb at least 110 million pounds, which leaves an exportable surplus of 770 million pounds, or about double the pre-war average (1934-35 to 1938-39). Exports last season fell to the low point of 220 million pounds, or 32 percent below the pre-war average. It is estimated that 90 percent of the stocks held by growers at the beginning of the season, now estimated at about 130 million pounds, was coarse crossbred wool, for which the wartime outlet has been extremely limited. Uruguay's carry-over is now estimated at 60 million pounds, or a little more than the large stocks carried over a year ago. The difference is that this year the bulk of the carry-over in Uruguay consisted of wool already sold, whereas last year most of it was unsold. Exports for the season 1942-43 totaled 105 million pounds, or 82 percent above the preceding season and about 9 percent below the pre-war average.

Exports during the 1942-43 season from the five principal producing countries of the Southern Hemisphere totaled roughly 1.3 billion pounds, a reduction of 26 percent compared with 1941-42, and were about 29 percent below the average for the 5 pre-war seasons, 1934-35 to 1938-39. Exports for the first few months of the new season were smaller than in the same period of 1942-43

In view of the large strategic stocks of fine wool in the United States, prospects for exports from Australia and the Union of South Africa in the current season appear less favorable than in the two preceding seasons. Some revival in European demand will take place as soon as Axis-occupied areas are liberated. At least there would be demand for raw wool for replacements. ^{2/}

^{1/} The situation in China will be discussed in a forthcoming issue.

^{2/} The situation in carpet-wool producing countries will be discussed in an early issue of Foreign Crops and Markets, owing to space limitation.

WOOL: Production in specified countries, greasy basis, average,
1934-1938, annual 1939-1943

HEMISPHERE	AVERAGE						
AND	1934-	1939	1940	1941	1942	1943	
COUNTRY	1938						
	Million	Million	Million	Million	Million	Million	
	pounds	pounds	pounds	pounds	pounds	pounds	
SOUTHERN HEMISPHERE							
South America -							
Argentina <u>b/</u>	370.4:	443.0:	474.0:	494.0:	518.0: <u>c/</u>	510.0	
Uruguay <u>d/</u>	118.0:	133.9:	139.0:	117.0:	124.0: <u>c/</u>	136.0	
Brazil <u>e/</u>	38.4:	40.8:	40.0:	40.0:	40.0:	40.0	
Chile <u>c/</u>	32.7:	36.0:	35.0:	36.0:	36.0:	36.0	
Peru <u>f/</u>	19.6:	19.0:	16.9:	18.4:	16.7: <u>c/</u>	17.4	
Falkland Islands <u>d/</u>	4.0:	3.8:	3.9:	3.9:	3.9:	3.9	
Bolivia <u>g/</u>	4.0:	4.0:	4.0:	4.0:	4.0:	4.0	
Ecuador <u>g/</u>	2.0:	2.0:	2.0:	2.0:	2.0:	2.0	
Paraguay <u>g/</u>	0.5:	0.5:	0.5:	0.5:	0.5:	0.5	
British Empire -							
Australia	995.3:	1,127.7:	1,142.0:	1,130.0:	1,120.0:	1,110.0	
New Zealand	299.3:	310.0:	332.0:	345.0:	340.0:	310.0	
British South Africa <u>h/</u> ...	238.6:	246.2:	270.5:	260.0:	260.0:	250.0	
Total British Empire ...	1,533.2:	1,683.9:	1,744.5:	1,735.0:	1,720.0:	1,670.0	
Total Southern Hemisphere ...	2,122.8:	2,366.9:	2,459.8:	2,450.8:	2,465.1:	2,419.8	
NORTHERN HEMISPHERE							
North America -							
United States							
Shorn	360.4:	363.7:	374.6:	390.6:	392.4:	376.8	
Pulled	64.7:	64.5:	62.0:	65.8:	66.7: <u>i/</u>	70.0	
Total United States ...	425.1:	428.2:	436.6:	456.4:	459.1: <u>i/</u>	446.8	
Canada	<u>i/</u> 16.0: <u>i/</u>	15.0: <u>i/</u>	15.0:	16.3:	17.6:	19.6	
Mexico	10.3:	10.3:	10.3:	10.3:	10.3:	10.3	
Others <u>k/</u>	0.9:	0.9:	0.9:	0.9:	0.9:	0.9	
Total North America ...	452.3:	454.4:	462.8:	483.9:	487.9:	477.6	
South America -							
Colombia <u>g/</u>	3.0:	3.0:	3.0:	3.0:	3.0:	3.0	
Venezuela <u>g/</u>	0.1:	0.1:	0.1:	0.1:	0.1:	0.1	
Europe -							
United Kingdom	108.1:	111.8:	109.0: <u>i/</u>	92.0: <u>i/</u>	89.0: <u>i/</u>	89.0	
Ireland	17.1:	17.4:	17.0:	16.2:	15.0:	14.3	
Norway	5.9:	6.0:	6.0: <u>i/</u>	6.0: <u>i/</u>	5.9: <u>i/</u>	5.6	
Netherlands	3.2:	3.4:	3.2:	3.0:	2.9:	2.8	
France	37.9:	38.7:	33.0: <u>i/</u>	30.0: <u>i/</u>	28.2: <u>i/</u>	28.2	

Continued -

WOOL: Production in specified countries, greasy basis, average

1934-1938, annual 1939-1943 Continued -

HEMISPHERE	AVERAGE					
AND	1934-	1939	1940	1941 a/	1942 a/	1943 a/
COUNTRY	1938					
	Million	Million	Million	Million	Million	Million
	pounds	pounds	pounds	pounds	pounds	pounds
Europe - continued						
Spain	70.4:	73.0:1/	72.0:1/	83.2:1/	78.9:1/	78.9
Portugal	8.3:	11.0:	11.3:	14.0:1/	16.4:1/	15.0
Italy	37.7:	40.9:	41.0:	41.5:	42.0:	40.0
Germany and Austria 1/ ...:	36.1:	45.8:	45.8:	50.0:	53.0:	56.0
Czechoslovakia 2/	2.7:	2.0:	1.6:	1.6:	1.6:	1.5
Poland	11.1:	12.5:	10.6:	9.0:	8.0:	8.0
Hungary 1/	14.2:	19.4:	14.3:	14.0:	13.6:	14.8
Yugoslavia	45.1:	45.7:	36.4:2/	33.0:2/	28.0:2/	25.0
Bulgaria 1/	23.1:	23.6:	22.0:	33.0:	37.8:	37.8
Rumania	62.5:	65.1:	63.0:2/	45.0:2/	50.0:2/	50.0
Albania	4.5:	4.4:	4.0:	3.6:	3.6:	3.6
Greece	17.7:	17.1:	16.5:	14.0:	10.0:	7.0
Lithuania	3.6:	3.5:	3.6:	3.0:	2.4:	2.4
Latvia	5.3:	6.3:	6.3:	6.0:	5.5:	4.0
Estonia	2.3:	2.6:	2.7:	2.5:	2.0:	0.9
Finland	3.6:	3.6:	3.6:	2.6:	2.2:	2.2
Others 2/	5.8:	4.7:	4.7:	5.1:	5.7:	5.8
Total Europe excluding :	:	:	:	:	:	:
Soviet Union 2/	526.2:	558.5:	527.6:	508.3:	501.8:	492.8
	:	:	:	:	:	:
Africa -	:	:	:	:	:	:
Morocco 2/	34.0:	34.1:	35.0:	38.0:	38.1:	38.2
Algeria 2/	44.8:	47.8:	47.0:	45.9:	48.8:	52.0
Tunisia	5.5:	4.6:	5.3:	6.0:	7.2:	10.0
Egypt	6.8:	8.9:	6.6:	5.0:	4.1:	4.7
Others 2/	6.3:	6.9:	6.9:	6.9:	6.8:	6.8
Total Africa excluding :	:	:	:	:	:	:
British South Africa 2/:	97.4:	102.2:	100.8:	101.8:	105.0:	111.7
	:	:	:	:	:	:
Asia 2/ -	:	:	:	:	:	:
Turkey	54.4:	74.2:	74.0:	68.0:	55.0:	55.0
Iraq 2/	16.6:	19.9:	18.4:	15.4:	12.6:	8.5
Iran	41.0:	40.0:	33.0:	35.0:	26.0:	31.0
Syria	7.9:	7.4:	11.9:	8.9:	9.6:	8.8
Afghanistan	15.0:	15.0:	15.0:	15.0:	15.0:	15.0
India	85.2:	82.5:	80.0:	80.0:	80.0:	80.0
Others 1/	2.0:	2.1:	2.1:	2.1:	2.2:	2.0
Total Asia excluding :	:	:	:	:	:	:
China 2/	222.1:	241.1:	234.4:	224.4:	200.4:	200.3
Total Northern Hemisphere :	:	:	:	:	:	:
excluding Soviet Union :	:	:	:	:	:	:
and China	1,301.1:	1,359.3:	1,328.7:	1,321.5:	1,298.2:	1,285.5

Continued -

WOOL: Production in specified countries, greasy basis, average

1934-1938, annual 1939-1943 Continued -

HEMISPHERE	AVERAGE						
AND	1934-	1939	1940	1941	a/ 1942	a/ 1943	a/
COUNTRY	1938						
	Million	Million	Million	Million	Million	Million	Million
	pounds	pounds	pounds	pounds	pounds	pounds	pounds
Estimated world total							
excluding Soviet Union							
and China <u>/</u>	3,420.0	3,730.0	3,790.0	3,770.0	3,760.0	3,710.0	
Soviet Union	210.0	300.0	330.0	g/ 340.0	g/ 270.0	g/ 230.0	
China <u>v/</u>	90.0	90.0	90.0	90.0	90.0	90.0	
Estimated world total							
including Soviet Union							
and China <u>u/</u>	3,720.0	4,120.0	4,210.0	4,200.0	4,120.0	4,030.0	

Compiled from official sources.

a/ Preliminary.

b/ Estimates of Buenos Aires Branch, First National Bank of Boston, adjusted at end of season on basis of actual exports.

c/ Report from American Embassy.

d/ Estimates based on exports alone or exports, stocks and domestic consumption.

e/ Estimates based on production in Rio Grande do Sul where over 80 percent of Brazilian wool originates.

f/ Revised on basis of recent surveys of the Junta Nacional de la Industria Lanar established in 1937.

g/ Rough approximations unless otherwise stated.

h/ Union of South Africa and produce of surrounding British Colonies exported through Union ports. Excludes wool exported on skins estimated at 20 to 25 million pounds annually prior to the war.

i/ Estimate based on latest available information.

j/ Unofficial adjustment for these years based on 1941 census figures.

k/ Newfoundland, Hawaii, Netherlands West Indies, Guatemala, and Salvador.

l/ Includes annexed territory as of year listed.

m/ Bohemia-Moravia Protectorate and Slovakia only for years 1940-1943. Remainder of former territory included either with Germany or Hungary.

n/ Estimate excluding territory actually annexed by another country.

o/ Includes countries producing a million pounds or less i.e., Sweden, Denmark, Iceland, Belgium, and Switzerland.

p/ Soviet Union and China at end of table.

q/ Includes estimate for wool shorn from sheep that have not been taxed.

r/ Includes estimates for Italian Libya, French West Africa, Kenya, and Uganda.

s/ British South Africa included under Southern Hemisphere.

t/ Includes all other Asiatic countries, except China, none of which produces more than 1,400,000 pounds annually.

u/ Rounded to tens of millions.

v/ Rough approximation including territory included in Turkestan, former Manchuria, and Inner Mongolia.

THE MEXICAN HONEY INDUSTRY

Production of honey in Mexico is derived from both wild and domestic bees. The latter, referred to as the "Italian bee," are believed to have been brought in from the United States. It is probable that some domestic hives are captured wild hives. According to trade estimates, production from the black or wild bee is about equal to that from the domestic bee. Indications are, however, that the percentage is gradually shifting in favor of the latter, which is regarded as being a higher producer and easier to handle.

According to the 1940, census the number of domestic hives in Mexico that year totaled 987,708. Apparently weather conditions and prices are the two factors that have the greatest influence on production. During the past 2 years, prices have been extremely favorable, and honey collection has been more extensive than usual. It is estimated that the total production during 1943 was in the neighborhood of 11,000 to 13,000 short tons.

BEEHIVES: Number in Mexico in 1940

REGION	HIVES	REGION	HIVES	REGION	HIVES
	Number		Number		Number
Aguascalientes ...	6,814	Guerrero	23,526	San Luis Potosi ...	71,045
Baja California: :		Hidalgo	31,714	Sinaloa	7,481
Norte	1,307	Jalisco	116,563	Sonora	2,383
Sur	204	Mexico	19,971	Tobasco	14,762
Campeche	20,709	Michoacan	70,781	Tamaulipas	38,495
Coahuila	8,517	Morelos	10,867	Tlaxcala	6,249
Colima	2,145	Nayarit	8,059	Veracruz	99,167
Chiapas	4,813	Nuevo Leon	18,959	Yucatan	168,073
Chihuahua	4,392	Oaxaca	33,169	Zacatecas	57,407
Distrito Federal ..	2,936	Puebla	47,941		
Durango	16,928	Queretaro	14,331	Total	987,708
Guanajuato	56,357	Quintana Roo	11,605		
Census of 1940 as reported by "Direccion General de Estadistica."					

Dealers refer to Mexican honey as either the "Tampico" or "Guadalajara" type. The latter is regarded as being the finer quality honey. The bulk of the total output is accounted for by beekeepers who obtain from 10 to 35 pounds of honey annually. These small producers maintain hives primarily for their own needs but sell any surplus they may have to buyers representing large dealers and exporters. The latter groups usually ship their purchases either to Mexico City or to Guadalajara where facilities are available for straining. This accounts for the fact that Mexico City and Guadalajara report the bulk of the honey exports from the Republic.

The small producers are not commercially minded and consequently make little, if any, attempt to expand production in order to have a surplus for sale to the commercial buyers. They devote little attention to their bees except during collection time, which is done at any and all times of the year, but principally

during February and July. After removal from the hives the honey is placed into open containers which are then directly exposed to the heat of the sun. When the honey has melted from the comb it is poured into other containers, usually into 5-gallon gasoline tins or into 50-gallon wooden barrels. When filled, the barrels are sealed in the ordinary way with bungs and the tins with corncob stoppers sealed with mud.

While this is the most common method, a few of the larger producers, who have their eye on the export market, usually follow a different procedure. In their case the square ribs of honey are taken from sealed or closed squares which are completely isolated from the queen. The squares are lifted by two wooden flanges which prevent direct contact of the hands with the honey. They are then opened with heated knives and placed in an extractor which removes the honey by centrifugal force. After the honey is extracted, it is filtered, generally cold, through a silk cloth. The honey is then packed for shipment.

Such exporters as have the necessary equipment always process their honey prior to exportation. When this is done they make use of a large hermetically sealed storage tank in which the honey is kept for a sufficient length of time to allow any foreign matter to rise to the top, after which it is removed by skimming. The honey is then strained through a wire mesh a sufficient number of times to cleanse it of such extraneous matter as may have been missed in the skimming process. The honey is then poured cold into cans or barrels and is ready for shipment. Local exporters who adhere to such practices state that they have seldom encountered any difficulty in meeting the requirements of the United States Federal Food, Drug, and Cosmetic Act.

Mexican honey exports during 1943 were estimated at about 7,700 short tons. Total exports during the 5 years, 1934-1938, averaged only 1,700 short tons annually. With the exception of relatively small quantities to Canada, virtually all of the Mexican honey exports in 1943 went to the United States. Prior to the outbreak of the war there was little demand in the United States for Mexican honey. At that time most of the exports went to Germany, Belgium, and other European countries.

When European markets for Mexican honey were no longer available, exporters turned to the United States for a possible market. Much to their surprise, they found there a great demand for honey at prices much higher than those formerly received in Europe. Many new exporters at once rushed into the honey business. As a result, prices paid the Mexican honey producers increased from 25 centavos to 90 centavos per kilo (2 to 8 cents per pound).

The majority of the long established exporters then dropped out of the honey business because they were unable to pay the increased producer prices, meet the cost of straining and processing, and at the same time sell at a profit in the United States market at the established ceiling prices. On the other hand, the new exporters who made no attempt to process their honey and in most cases shipped it as purchased from the small producers, were able to sell at a profit.